



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

September 7, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

8

September 7, 2010

SACHI A. HAMAI
EXECUTIVE OFFICER

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**FIVE-YEAR LEASE RENEWAL
DEPARTMENT OF HUMAN RESOURCES AND CHIEF EXECUTIVE OFFICE
3333 WILSHIRE BOULEVARD, LOS ANGELES
(SECOND DISTRICT) (3 VOTES)**

SUBJECT

This recommendation is for a five-year lease renewal of 56,292 rentable square feet of office space and 225 structured and surface parking spaces for the Department of Human Resources and the Chief Executive Office.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the project is exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chair to sign the five-year lease renewal with 3333 Wilshire, LLC, (Lessor). The lease will provide the Department of Human Resources and the Chief Executive Office uninterrupted use of 56,292 rentable square feet of office space and 225 structured and surface parking spaces. The maximum annual total lease cost is \$1,148,357. The Department of Human Resources lease costs are 100 percent offset by Intrafund transfer/revenue, and the Chief Executive Office lease costs are funded mostly by billable Departments.

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3. Authorize the Chief Executive Officer and the Director of Human Resources to implement the project. The five-year term will commence upon adoption by the Board of Supervisors, and the rent will commence within 30 days of Lessor's completion and County's acceptance of the Lessee's upgrades to prepare the premises.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The lease has been on holdover since March 12, 2009. The proposed lease renewal will provide the Department of Human Resources (DHR) and the Chief Executive Office (CEO) uninterrupted use of the premises. The space requirement was approved for 54,359 rentable square feet. However, the proposed lease will expand the size of the premises to 56,292 rentable square feet in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association International (BOMA), except that no penthouse mechanical room space shall be included in the measurement.

The first, third, and tenth floors of the facility are occupied by approximately 184 DHR staff who administer examination and training to County of Los Angeles (County) employees. DHR also operates the Employee Information Services Office, the Learning Academy, and administers the County's benefit programs at the facility. The CEO's, Risk Management Branch, consisting of 86 staff, is co-located in a portion of the tenth floor and occupies a portion of the eighth floor. This lease provides the flexibility to reduce the leased space, if necessary.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan (Goal 1) directs that we provide operational effectiveness to support efficient delivery of public services through (Strategy 1) sound, prudent, and transparent short-term and long-term fiscal policies to maintain critical, high priority County services despite cyclical economic conditions. The proposed action will continue to provide leased office space in a central location. The proposed lease supports the foregoing with a centrally and co-located facility as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed full-service gross lease will provide 56,292 rentable square feet of office space and 225 non-exclusive structured and surface parking spaces included in the base rent. The proposed annual lease rate is \$20.40 per rentable square foot or \$1,148,357.

3333 Wilshire Blvd.	Existing Lease Amendment	Proposed Lease Renewal	Change
Area (Square Feet)	54,359	56,292*	+1,933
Term	Six years 03/12/03-03/11/09	Five years (upon Board adoption)	+Five years
Annual Base Rent (Rental Rate)	\$891,064 (\$16.39/sq. ft.)	\$1,148,357 (\$20.40/sq. ft.)	+\$257,293 (\$4.01/sq. ft.)
Option to Renew	None	One five-year option at 95 percent of fair market rental value	+One five-year option at 95 percent of fair market rental value
Annual Rental adjustment	Consumer Price Index (CPI) capped at 3 percent	CPI capped at 3 percent	None
Preparation of Premises	None	Yes (see note below)**	Preparation of Premises
Parking	217 structured and surface spaces	225 structured and surface spaces	+Eight parking spaces
Cancellation	At any time after 36 months of the lease term upon 60 days prior written notice.	At any time after 24 months of the lease term upon 90 days prior written notice.	-12 months of the lease term +30 days notice

* The proposed lease will expand the size of the premises to 56,292 rentable square feet in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by BOMA.

** Includes paint and carpet provided by the Lessor at its sole cost and expense.

Sufficient funds for the proposed lease costs are included in the 2010-11 Rent Expense budget and will be billed back to the departments. DHR lease costs are 100 percent offset by Intrafund transfers and revenue and CEO lease costs are funded mostly by billable Departments, and are included in both the DHR and CEO's operating expense budgets.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease will provide 56,292 rentable square feet of office space and 225 parking spaces included in the base rent. The proposed lease includes the following provisions:

- The five-year term will commence upon adoption by the Board of Supervisors, and the rent will commence within 30 days of Lessor's completion and County's acceptance of the Lessee's upgrades to prepare the premises. The Lessor, at its sole cost and expense, will paint and install new carpet throughout the first and tenth floors of premises.

- The proposed lease will expand the size of the premises by 1,933 rentable square feet, from 54,359 to 56,292 rentable square feet in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by BOMA, except that no penthouse mechanical room space shall be included in the measurement.
- The annual full service gross per square foot rental rate will be \$20.40 or \$1.70 monthly.
- The rent will be subject to annual CPI adjustment capped at 3 percent pursuant to the underlying lease.
- The County will have one option to renew the term for an additional five years under the same terms and conditions as in the proposed lease amendment, except that the rental rate will be adjusted to 95 percent of Market Rental Value as defined in the amendment.
- The County will have the right to cancel the lease or reduce the size of the premises at any time after 24 months of the lease term by giving Lessor not less than 90 days prior written notice.

The CEO's, Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Based upon the survey, staff has established that the annual rental range for similar space is between \$16.80 and \$21.60 per rentable square foot on a full service gross basis, and the annual rate for parking at a ratio of four per 1,000 square feet is between \$2.40 and \$6.00 per rentable square foot for an all-inclusive range of \$19.20 to \$27.60. The annual rental rate of \$20.40 per square foot, including parking, is in the lower market range for full service market rates in the area. Attachment B shows all County-owned and leased facilities countywide of equal or greater size and no County-owned or leased facilities are available for this program.

The Office of Affirmative Action Compliance (OAAC) has inspected the leased premises and related common areas to assess Americans with Disabilities Act (ADA) accessibility compliance. A report identifying barriers to accessibility has been completed by the OAAC and was provided to the CEO and DHR. Pursuant to the report, the CEO, DHR, and the Lessor are engaged in a collaborative effort to address the removal of barriers to improve accessibility to programs, services and activities for the public including appropriate accommodations for disabled employees. The Lessor has prepared a barrier removal plan and will also provide written notice to the City of Los Angeles (City) regarding removal of exterior path of travel barriers on adjoining City property. In addition, the CEO and DHR will address signage barriers in their respective work areas that are the responsibility of the County and which are identified in the report.

A childcare facility is not feasible at this location. The Department of Public Works inspected the facility for seismic safety and found it suitable for County occupancy.

Lease renewal notification letters have been sent to the City pursuant to Government Code Sections 25351 and 65402.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

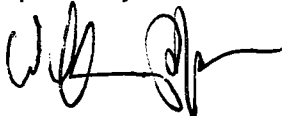
IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CEO that the proposed amendment will allow DHR and CEO to continue to utilize the subject facility. DHR and CEO concur with this recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease amendment and the adopted, stamped Board letter and two certified copies of the Minute Order to the CEO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SK:WLD
CEM:MM:hd

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Human Resources

**DEPARTMENT OF HUMAN RESOURCES
AND CHIEF EXECUTIVE OFFICE
3333 WILSHIRE BOULEVARD, LOS ANGELES**

Asset Management Principles Compliance Form¹

1.	Occupancy		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²	X		
	B	Does lease co-locate with other functions to better serve clients? ²	X		
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq.ft of space per person? ²	X		
2.	Capital				
	A	Is it a substantial net County cost (NCC) program? CEO is 100% NCC; DHR fully offset with Intrafund transfers and revenues.	X		
	B	If not, is this a long term County program?			X
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?			X
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? The proposed space is available at a competitive market rental rate. A build-to-suit or capital project is not under consideration at this time as it is not feasible.		X	
3.	Portfolio Management				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located?			
		1. ___ The program clientele requires a "stand alone" parking area.			
		2. ___ No suitable County occupied properties in project area.			
		3. ___ No County-owned facilities available for the project.			
		4. ___ Could not get City clearance or approval.			
		5. <u>X</u> The Program is being co-located.			
	E	Is lease a full service lease? ²	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
		¹ As approved by the Board of Supervisors 11/17/98			
		² If not, why not?			

**DEPARTMENT OF HUMAN RESOURCES
AND CHIEF EXECUTIVE OFFICE
3333 WILSHIRE BOULEVARD, LOS ANGELES**
Countywide search

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A503	DPSS-WEST VALLEY CALWORKS/GAIN REG II PROGRAM	21415 PLUMMER ST, CHATSWORTH 91311	97280	87552	LEASED	NONE
A504	DPSS-WEST VALLEY CALWORKS/IHSS PROGRAM OFFICE	21615 PLUMMER ST, CHATSWORTH 91311	67220	60498	LEASED	NONE
A652	DCFS CHATSWORTH OFFICE	20151 NORDHOFF ST, CHATSWORTH 91311	73595	69915	LEASED	NONE
A481	DPSS-GLENDALE FAMILY SERVICE CENTER	4680 SAN FERNANDO RD, GLENDALE 91204	80000	70420	LEASED	NONE
A426	DCFS PASADENA OFFICE	532 E COLORADO BLVD, PASADENA 91101	75235	70721	LEASED	NONE
A605	DCFS GLENDORA OFFICE	725 S GRAND AVE, GLENDORA 91740	109018	103567	LEASED	NONE
X900	THOMAS A TIDEMANSON PUBLIC WORKS BUILDING	900 S FREMONT AVE, ALHAMBRA 91803	536168	363876	FINANCED	NONE
A527	PH-ENVIRONMENTAL HEALTH HEADQUARTERS	5050 COMMERCE DR, BALDWIN PARK 91706	77700	66045	LEASED	NONE
A528	DPSS-NEW RANCHO PARK DISTRICT OFFICE	11110 W PICO BLVD, LOS ANGELES 90064	69450	59033	LEASED	NONE
A424	DPSS-EQUITABLE PLAZA BUILDING	3435 WILSHIRE BLVD, LOS ANGELES 90010	65872	62578	LEASED	NONE
A532	PH HEALTH-WILSHIRE METROPLEX BUILDING	3530 WILSHIRE BLVD, LOS ANGELES 90010	62901	56611	LEASED	NONE
A408	DCFS BORAX OFFICE	3075 WILSHIRE BLVD, LOS ANGELES 90010	132488	105568	LEASED	NONE
A425	DCFS HEADQUARTERS OFFICE	425 SHATTO PL, LOS ANGELES 90020	81912	77816	LEASED	NONE
X550	MENTAL HEALTH-LE SAGE COMPLEX TOWER	550 S VERMONT AVE, LOS ANGELES 90020-1991	171651	149668	OWNED	NONE
B695	HEALTH-IMMUNIZATION PRGM/ENVIRONMENTAL HEALTH	695 S VERMONT AVE, LOS ANGELES 90010	59064	56111	LEASED	NONE
A360	DPSS-METRO NORTH AP/ CALWORKS DISTRICT OFFICE	2601 WILSHIRE BLVD, LOS ANGELES 90057	62000	60140	LEASED	NONE
5353	DPSS-METRO SPECIAL DISTRICT OFFICE	2707 S GRAND AVE, LOS ANGELES 90007	115242	89650	OWNED	NONE
6518	THE ADAMS & GRAND BUILDING	2615 S GRAND AVE, LOS ANGELES 90007	215439	183874	OWNED	NONE
A159	DISTRICT ATTORNEY-FIGUEROA PLAZA	201 N FIGUEROA ST, LOS ANGELES 90012	87810	83420	LEASED	NONE
5456	HEALTH SERVICES ADMINISTRATION BUILDING	313 N FIGUEROA ST, LOS ANGELES 90012	221359	134851	OWNED	NONE
0181	KENNETH HAHN HALL OF ADMINISTRATION	500 W TEMPLE ST, LOS ANGELES 90012-2713	958090	592835	OWNED	3868
0156	HALL OF RECORDS	320 W TEMPLE ST, LOS ANGELES 90012	438095	258537	OWNED	NONE
4946	MED CTR-INTERNS & RESIDENTS BUILDING	2020 ZONAL AVE, LOS ANGELES 90033	142448	79494	OWNED	NONE
5863	ISD-ADMINISTRATIVE HEADQUARTERS	1100 N EASTERN AVE, LOS ANGELES 90063	80309	58826	OWNED	NONE
X167	SHERMAN BLOCK SHERIFF'S HEADQUARTERS BUILDING	4700 W RAMONA BLVD, MONTEREY PARK 91754	125000	106250	FINANCED	NONE
A522	PH/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	80098	72088	LEASED	NONE
A522	PH/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	61402	55262	LEASED	NONE
A493	SAN GABRIEL VALLEY FAMILY SERVICE CENTER I	3350 AEROJET AVE, EL MONTE 91731	120000	108000	LEASED	NONE
A554	SAN GABRIEL VALLEY FAMILY SERVICE CENTER II	3400 AEROJET AVE, EL MONTE 91731	128556	116966	LEASED	NONE
A436	DPSS-EXPOSITION PARK FAMILY SERVICE CENTER	3833 S VERMONT AVE, LOS ANGELES 90037	127511	110500	LEASED	NONE
A133	CHILD SUPPORT SERVICES-DIVISION II HQ	5770 S EASTERN AVE, CITY OF COMMERCE 90040-2924	84477	63413	LEASED	NONE
A570	CSSD-INTERSTATE/CALL CENTER/CID	5701 S EASTERN AVE, CITY OF COMMERCE 90040	61130	55017	LEASED	NONE
A460	DHS-FERGUSON ADMINISTRATIVE SERVICES CENTER	5555 FERGUSON DR, CITY OF COMMERCE 90022	268400	246550	OWNED	NONE
A614	DPSS-SOUTHWEST SPEC DIST (VERMONT VILLAGE)	1819 W 120TH BLVD, LOS ANGELES 90047-5102	88546	84119	LEASED	NONE
A643	SOUTH L.A. COUNTY ADMINISTRATION BUILDING	8300 S VERMONT AVE, LOS ANGELES 90044	210000	195500	LEASED	NONE
A755	PUBLIC LIBRARY-HEADQUARTERS	7400 E IMPERIAL HWY, DOWNEY 90242	68000	55733	FINANCED	NONE
3385	RANCHO-HOSPITAL OFFICE BLDG 500,501,502 & 503	7601 E IMPERIAL HWY, DOWNEY 90242	88104	63850	FINANCED	NONE
X238	RANCHO-SUPPORT SERVICES ADMINISTRATION BLDG	7601 E IMPERIAL HWY, DOWNEY 90242	66200	56002	FINANCED	NONE
A551	DPSS-WFP&I & SOUTH REG IV IHSS/ADULT SERVICES	12000 HAWTHORNE BLVD, HAWTHORNE 90250	132996	106397	LEASED	NONE
A556	DMH/DC&FS-COMPTON FAMILY SERVICES CENTER	921 E COMPTON BLVD, COMPTON 90221	60180	57172	LEASED	NONE
C600	DPSS-SOUTH FAMILY AP/SPECIAL DISTRICT OFFICES	17600 S SANTA FE AVE, RANCHO DOMINGUEZ 90221	133000	103324	LEASED	NONE
6059	DOWNEY ADMIN CTR-ADMINISTRATIVE CENTER BLDG	9150 E IMPERIAL HWY, DOWNEY 90242	327972	264536	OWNED	NONE
X168	HARRY HUFFORD REGISTRAR-RECORDER/CO CLERK BLD	12400 E IMPERIAL HWY, NORWALK 90650	262510	240600	FINANCED	NONE
A068	NORWALK IMPERIAL CENTRE (AKA BECHTEL BLDG)	12440 E IMPERIAL HWY, NORWALK 90650	216324	194891	LEASED	NONE
A414	DCFS TORRANCE OFFICE	2325 CRENSHAW BLVD, TORRANCE 90501	60804	57764	LEASED	NONE
A139	DCFS LAKEWOOD OFFICE	4060 WATSON PLAZA DR, LAKEWOOD 90712	87200	60265	LEASED	NONE

**AMENDMENT NO. 2 TO LEASE NO. 71245
3333 WILSHIRE BOULEVARD, LOS ANGELES**

THIS AMENDMENT NO. 2 TO LEASE AGREEMENT NO. 71245 ("Amendment No. 2") is made, entered and dated as of this 7th day of September, 2010 by and between 3333 WILSHIRE, LLC, a California limited liability company ("Lessor"), and the COUNTY OF LOS ANGELES, a body corporate and politic ("Lessee").

RECITALS

WHEREAS, a Lease by and between Core Investment Group, LLC as Lessor, and the County of Los Angeles as Lessee was executed February 10, 1998 (the "Lease"), pursuant to which Lessor leased to Lessee those certain Premises located at 3333 Wilshire Boulevard, Los Angeles, California consisting of approximately 31,500 rentable square feet of office space and 141 structured and surface parking spaces, (the "Premises") and;

WHEREAS, Amendment No. 1 to Lease No. 71245, by and between 3333 Wilshire, LLC, successor-in-interest to Core Investment Group, LLC, and the County of Los Angeles, was executed June 18, 2002, which among other points, increased the Premises to approximately 54,359 rentable square feet and the parking spaces to 217, and;

WHEREAS, 3333 Wilshire, LLC, is the lawful successor-in-interest to Core Investment Group, LLC and 3333 Wilshire, LLC retains all rights and responsibilities granted as a result thereof, and;

WHEREAS, 3333 Wilshire, LLC, acknowledges that the terms of this Amendment No. 2 to Lease No. 71245 will not become effective until such time that said Amendment is adopted by the Board of Supervisors of the County of Los Angeles, and;

WHEREAS, Lessor and Lessee desire to, among other points, amend the terms of the Lease to extend the term of the Lease, increase the size of the Premises, increase the rental rate, and prepare the Premises for the County's use.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the rents, covenants and agreements herein contained, Lessor and Lessee hereby covenant and agree as follows:

1. **DESCRIPTION OF PREMISES:** Paragraph 1, DESCRIPTION OF PREMISES, is hereby amended such that the size of the Premises is hereby increased to 56,292 rentable square feet, in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International except that no penthouse mechanical room space shall be included in the measurement, and the number of parking spaces is hereby increased to 225.

Lessee shall have the right within 90 days of approval of this lease by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors") to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, Lessee shall have the right to adjust such square footage and reduce the Rent in Section 3 accomplished by the mutual execution of a memorandum of understanding between the Lessor and the Lessee. Lessor acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Lessor agrees there will be no adjustment made to either the square footage or the Rent in the event the measured square footage exceeds the amount represented by Lessor. Should Lessor and Lessee not agree with respect to the results of the measurement conducted pursuant to this Section 2, Lessor shall appoint an independent firm or person acceptable to Lessee, who is experienced in making such measurements whose determination with respect to which measurement is correct shall be final and binding upon the parties. Lessor and Lessee shall share equally in the fees of such firm.

2. **TERM:** Paragraph 2.A., ORIGINAL TERM, is hereby amended such that upon adoption of this Amendment No. 2, by the Board of Supervisors of the County of Los Angeles, unless cancelled or otherwise terminated in accordance with the provisions of the Lease, the term of this Lease as amended is hereby extended such that it shall end five years thereafter (the "Commencement Date").

TERM: Paragraph 2.B., Options to Renew, is hereby incorporated into the Lease therefore:

(1) **Terms of Options.** Lessee shall have one option (the "Option") to renew this Lease for an additional period of five years (the "Extension Term").

(2) **Exercise of Option.** Lessee shall exercise its Options to extend this Lease by giving Lessor written notice of its intention to do so (its "Notice of Intent") by letter from Tenant's Chief Executive Office ("CEO") no later than 60 days prior to the end of the term hereof.

(3) **Terms and Conditions of the Extension Term.** The Extension Term shall be on all the terms and conditions of this Lease, except that Rent during the Extension Term shall be equal to ninety-five (95%) percent of Market Rental Value for the Premises as of the date Lessee gives its Notice of Intent, to be determined as set forth below, and Lessor shall have no additional obligation for free rent, leasehold improvements or for any other tenant inducements for the Extension Term.

(4) **Agreement on Basic Rent.** Lessor and Lessee shall have 90 days after Lessor receives the Notice of Intent in which to agree on the Basic Rent during the Extension Term.

(5) Market Rental Value. The term "Market Rental Value" shall be the rental rate that Comparable Premises in the market in which the Premises is located would command for the same term as the Extension Term on the open market at the time Tenant provides its Notice of Intent, as determined jointly by Lessor and Lessee. For purposes hereof, the term "Comparable Premises" shall mean premises in a building similar in size and location to the Building, excluding any improvements installed by Lessee in the Building. In determining the Market Rental Value, appropriate consideration shall be given to: (1) Lessee's creditworthiness, (2) the annual amount per rentable square foot that Lessor has accepted in current transactions between non-affiliated parties from new, non-expansion, non-renewal and non-equity lessees of comparable creditworthiness for Comparable Premises for a comparable use for a comparable period of time, (3) the annual rental rates per square foot of the Comparable Premises, (4) the standard of measurement by which the rentable square footage in the Comparable Premises is measured, (5) the ratio of rentable square feet to usable square feet in the Comparable Premises, (6) the type of escalation clause used in leasing the Comparable Premises (i. e., whether increases in additional rent are determined on a net or gross basis, and if gross, whether such increases are determined according to a base year or a base dollar amount expense stop), (7) the extent of a tenant's liability under a lease of the Comparable Premises, (8) parking rights and obligations, (9) signage rights, (10) abatement provisions reflecting free rent and/or no rent during the period of construction or subsequent to the commencement date as to the Comparable Premises, (11) brokerage commissions, if any, which would be payable by Lessor in similar transactions, (12) length of the lease term, size and location of the Comparable Premises, and (13) other general applicable conditions of tenancy for transactions involving such Comparable Premises.

(6) Determination of Market Rental Value. Lessor shall submit its determination of Market Rental Value to Lessee within fifteen (15) days after Lessor's receipt of the Notice of Intent, and Lessee shall respond thereto within ten (10) days thereafter by either (a) accepting Lessor's determination of Market Rental Value (in which case such Market Rental Value shall be used to determine Basic Rent during the Extension Term) or (b) submitting Lessee's determination of Market Rental Value. If Lessor and Lessee cannot agree upon the Market Rental Value of the Premises within fifteen (15) days after submission of Lessee's determination of Market Rental Value, then Lessor and Lessee within five (5) days shall each submit to the other a final written statement of Market Rental Value ("Final Statement"). Within ten (10) days thereafter, Lessor and Lessee shall together appoint one real estate appraiser (who shall be a Member of the American Institute of Real Estate Appraisers) (or, if both Lessor and Lessee agree, a certified property manager with ten (10) years experience) who will determine whether Lessor's or Lessee's Final Statement is the closest to the actual (in such appraiser's opinion) Market Rental Value of the Premises, and such figure will be used in the determination of Adjusted Market Rental Value. If Lessor and Lessee cannot mutually agree upon an appraiser within said ten (10) day period, Lessee may apply to the Superior Court for Los Angeles County, requesting a judicial appointment of the M.A.I. qualified appraiser. The appraiser so appointed shall promptly determine whether Lessor's or Lessee's Final Statement is the closest to the actual (in such appraisers' opinion) Market Rental Value of the Premises, and such Final Statement shall be the Market Rental Value used in determining Basic Rent during the Extension Term. The fees and expenses of the appraiser, whether mutually selected or appointed, shall be borne equally by Lessor and Lessee. The appraiser appointed or selected pursuant to this Paragraph shall have at least ten (10) years experience appraising commercial properties in Los Angeles County.

(7) Amendment of Lease. Immediately after the Board of Supervisors approves the exercise of any option granted pursuant to this Paragraph 2.B., and such option is exercised, Lessor and Lessee shall execute an amendment to this Lease setting forth the new Rent in effect.

3. **RENT**: Paragraph 3, RENT, is hereby deleted in its entirety and the following is substituted therefor:

The first full calendar month's rent shall be due and payable within 30 days of Lessor's completion of Lessee's Preparation of Premises work as defined in Paragraph 28, (the "Completion Date"), in the total amount of \$95,696.40 or \$1.70 per rentable square foot of the Premises. A monthly installment in the same amount, subject to Paragraph 28 herein and the adjustments described herein below, shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date during the Term, except that Rent for any fractional calendar month at the commencement or end of the Term shall be prorated on a daily basis, provided that Landlord shall file a payment voucher with the Auditor of the County of Los Angeles (the "County") for the monthly Rent prior to the Commencement Date for the initial month(s) of the Term up to and including June, and annually thereafter in June for the ensuing 12 months.

4. **RENTAL ADJUSTMENT**: Paragraph 27, RENTAL ADJUSTMENT, is hereby amended such that all reference to \$33,390.00 shall be replaced by \$95,696.40.
5. **CANCELLATION**: Lessee shall have the right to cancel this Lease Amendment No. 2, or reduce the size of the leased Premises (including a pro rata reduction in the rent and number of parking spaces provided for hereunder), at or any time after twenty-four (24) months of the Lease term by giving Lessor not less than ninety (90) days prior written notice by Chief Executive Office letter.
6. **PREPARATION OF PREMISES**: Paragraph 28, PREPARATION OF PREMISES, is hereby added to the Lease as follows:

A. Lessor, within 10 days after receipt of a duly executed copy of this Amendment No. 2, at its sole cost and expense not to exceed \$195,726 or \$6.00 per rentable square feet of the first and tenth floor Premises, shall commence the painting of the entire first and tenth floor Premises, and the installation of new carpet squares, including without limitation the lift and replacement of the modular furniture throughout the entire first and tenth floor Premises. Lessor shall perform all Preparation of Premises work during weekends and after normal business hours.

In the event Lessor should fail, neglect or refuse to commence work on Lessee's Preparation of Premises required by this Paragraph 28, or fail, neglect or refuse to pursue Lessee's Preparation of Premises with reasonable diligence to completion, then Lessee at its sole discretion may perform or cause to be performed said Preparation of Premises and deduct the cost thereof from the installments of rent

next due as a charge to the Lessor.

The Premises shall meet all applicable City, County, State and Federal building codes, regulations and ordinances required for beneficial occupancy before the Preparation of Premises shall be deemed complete.

B. Completion:

The parties agree that the time for completion of Lessee's Preparation of Premises is on or before 60 days from the date of commencement of the extended Lease term provided by this Amendment No. 2 (the "Completion Date").

Completion of the Lessee's Preparation of Premises may be delayed by:

- i. Acts or omissions of Lessee or of any employees or agents of Lessee (including without limitation change orders in the work), or
- ii. Any act of God which Lessor could not have reasonably foreseen and provided for, or
- iii. Any strikes, boycotts or like obstructive acts by employees or agents of Lessor or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
- iv. Any war or declaration of a state of national emergency, or
- v. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the Building and/or Premises.

C. Lessee Remedies:

If Lessee's Preparation of Premises has not been completed within 60 days from the date of commencement of the extended Lease term provided for by this Amendment No. 2, the "Completion Date," Lessee may, at its option:

- i. Cancel the Lease upon thirty (30) days written notice to Lessor; or
- ii. Upon thirty (30) days written notice to Lessor, assume the responsibility for providing the preparation of premises itself.

If Lessee elects to provide the preparation of premises itself, then:

- (1) Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of the preparation of premises and for any other purposes reasonably related thereto
- (2) Rent shall be reduced by Lessee's total expense in providing the preparation of premises, including any financing charges for capital and a reasonable amount for Lessee's administrative costs, and including without limitation interest at the rate of 10%. The rent reduction schedule shall be as mutually agreed between the parties or, if no such agreement is made, Lessee's total expense shall be

fully amortized in equal monthly amounts over 5 years.

7. Wherever a conflict exists between the terms of this Amendment No. 2 and prior amendments, or the original Lease, the terms and conditions of Amendment No. 2 shall prevail. All other terms and conditions of the Lease remain unchanged and are hereby reaffirmed in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 2 to Lease Agreement No. 71245 or caused it to be duly executed, and the Lessee by order of its Board of Supervisors, has caused this Amendment No. 2 to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:

3333 WILSHIRE, LLC

a California limited liability company

By _____

Its _____

By _____

Its _____

ATTEST:

Sachi A. Hamai

Executive Officer

Board of Supervisors

LESSEE:

COUNTY OF LOS ANGELES

a body politic and corporate

By: _____

Deputy

By: _____

Chair, Los Angeles County

APPROVED AS TO FORM:
ANDREA SHERIDAN ORDIN
County Counsel

By: _____

Amy M. Caves

Senior Deputy County Counsel



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI

Executive Officer

Clerk of the Board of Supervisors

By: _____

Deputy

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

3333Amd2.12.12.08

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SEP 7 2010

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

71245
Supplement No. 2